

Water Affordability in San Antonio



Background

- Annual rate increases needed for water supply development
- Annual rate increases needed for aging infrastructure
- Decreasing revenues
- 16% of population under poverty levels

Rate Development Process

- Cost of Service and Rate Design Study
- Committee Input
- Informing the Public
- Policy Discussion

Water Supply Rates

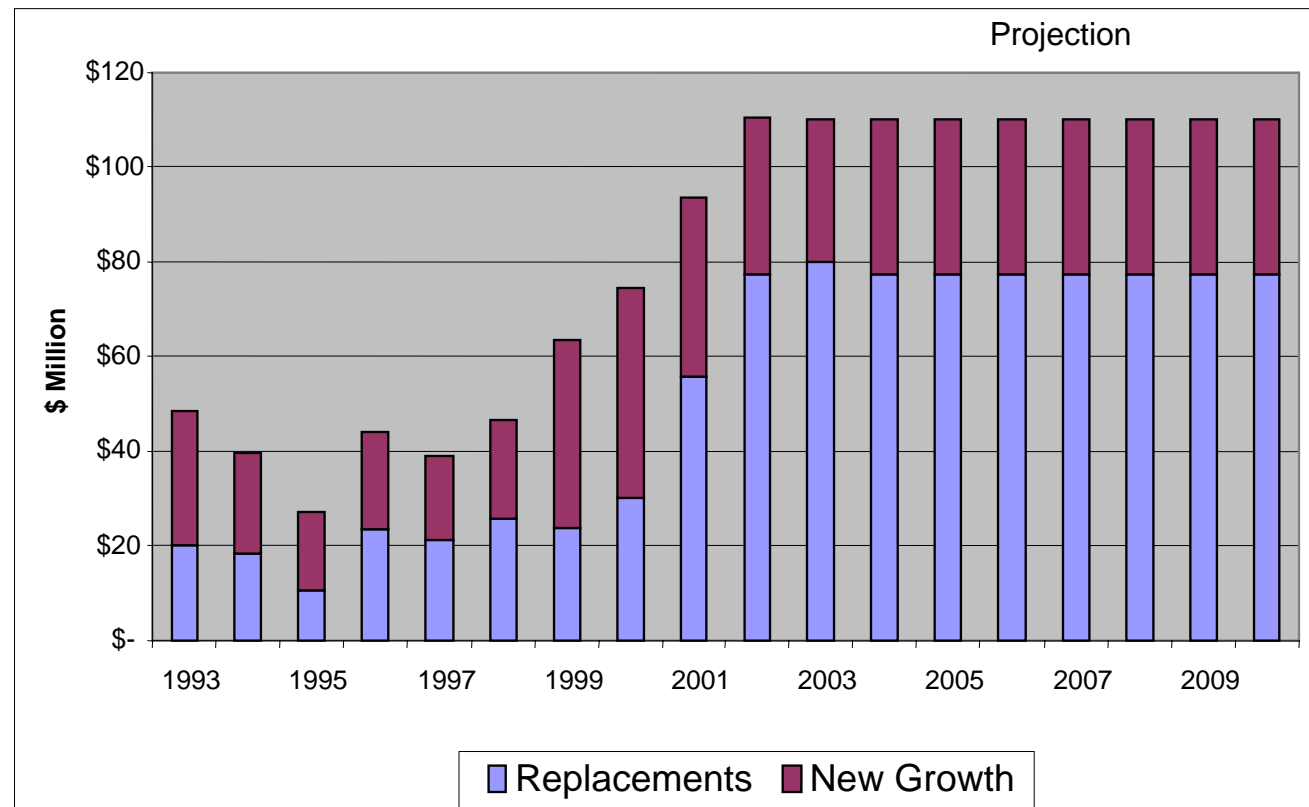
- Ordinance established the maximum rates for the first five years of the Plan as follows:

Year	Incremental Charge Per 100 Gallons	Maximum Fee Per 100 Gallons
2001	\$ 0.0358	\$ 0.0358
2002	0.0350	0.0708
2003	0.0230	0.0938
2004	0.0190	0.1128
2005	0.0250	0.1378

Capital Requirements – Aging Infrastructure

Water & Wastewater




Developed a plan to address situation - increasing funding to a steady \$110 million per year through 2010



Note: 2004 and above values are projected based on 30% New Work and 70% Replacements

Revenue Realities

	5-Year Average Annual Historical Growth Rate
Miles of Main	4.6%
Customers	2.1%
Inflation	2.3%

2004 PROJECTION				
Households		Gallons per bill		Total Consumption
 1.9%	+	 - 2.2%	=	 - 0.5%

5-Year Average Annual Historical Growth Rate

Expense	Percentage Increase
Utilities	8%
Rent	19%
Insurance	14%
Chemicals	15%
Security	221%

These five items alone total almost 25% of the Operating and Maintenance budget

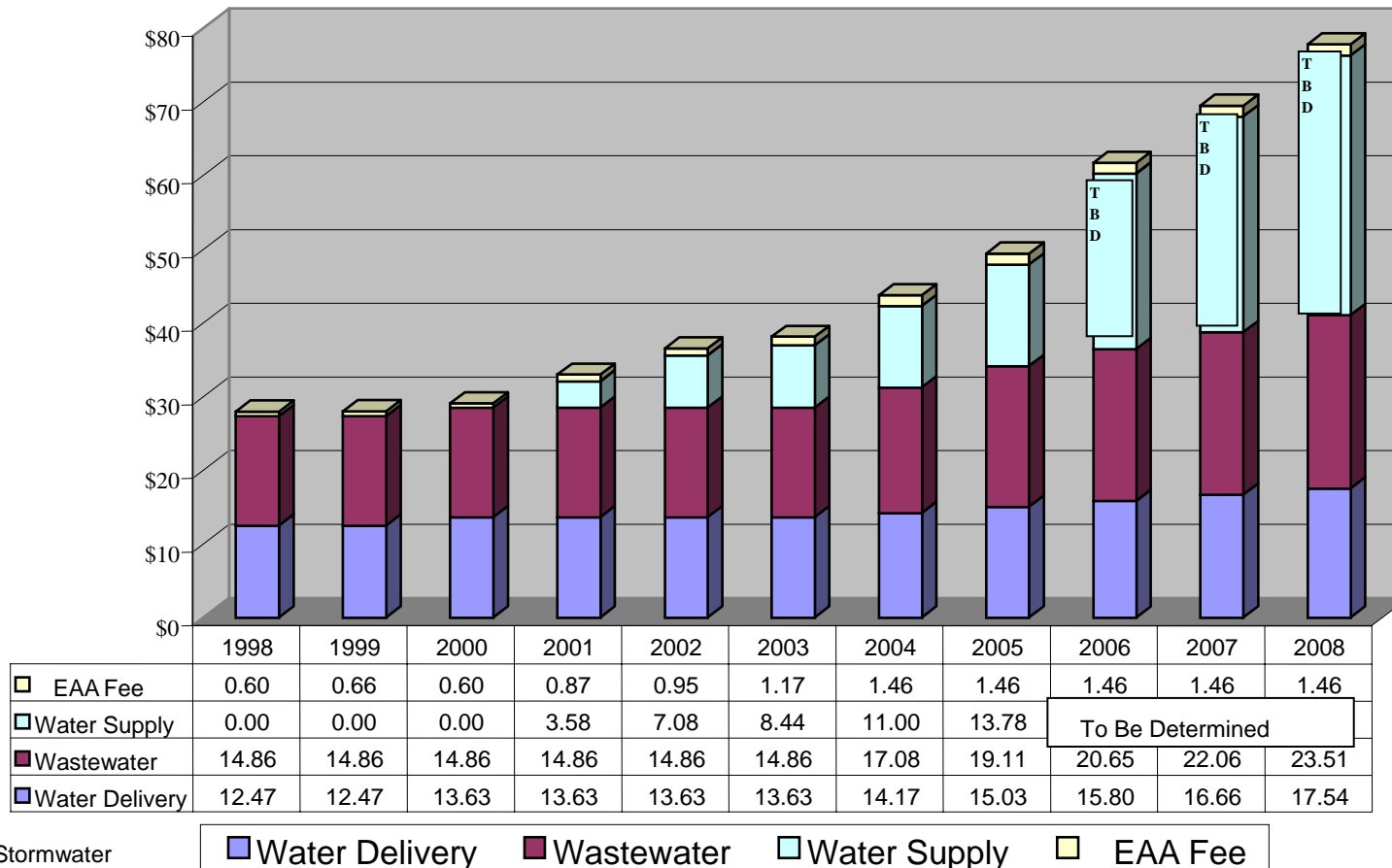
Program Growth

Last Five Years, Annual Cost Estimate

- Economic Development Participation (\$0.7M + capital)
- Tank Painting – TCEQ (\$0.3M)
- Televising – TCEQ (\$0.2M)
- Flow management – EPA (\$0.5M)
- Sewer lateral maintenance (\$2.5M)
- Street Cut Ordinance (\$0.8M)
- Fluoridation (\$2M)
- Odor Control (\$0.8M)
- Affordability (\$0.6M)
- Additional Treatment Plants (\$0.3M)
- Mitchell Lake Master Plan (\$0.3M)

Multi-Year Outlook

Average Residential Monthly Bill
(Using estimated revenue requirement)



Annual Revenue Requirement	2001	2002	2003	2004	2005	2006	2007	2008
Water Supply Fee	Initial Year	97.8%	19.3%	30.3%	25.3%	To Be Determined		
Water Delivery & Wastewater	0.0%	0.0%	0.0%	9.5%	9.1%	6.5%	6.2%	6.0%
Total System	10.2%	9.6%	3.6%	14.0%	13.0%	To Be Determined		

Customer Bill Impacts

Effect On Customer Bill

- Bill shown is for 8,500 gal. Water at standard rates, 6,500 gal. winter average

Residential Rate Calculator		
	Current	Proposed/ Approved
Meter Charge	5.61	5.61
Water Charge	6.46	6.73
Sewer Charge	13.34	15.36
<i>Subtotal Bill</i>	<i>25.41</i>	<i>27.70</i>

\$2.29

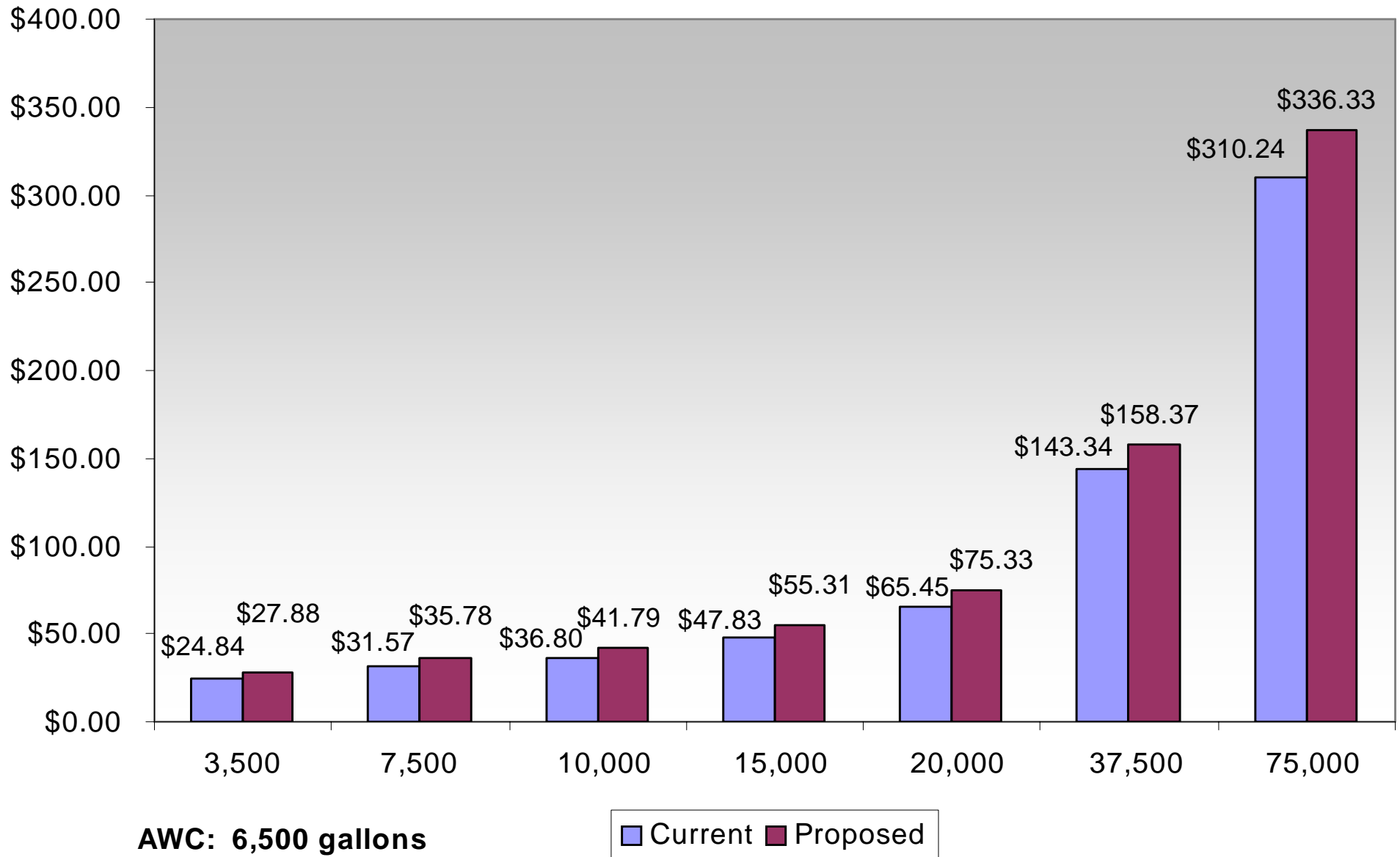
Effect On Customer Bill

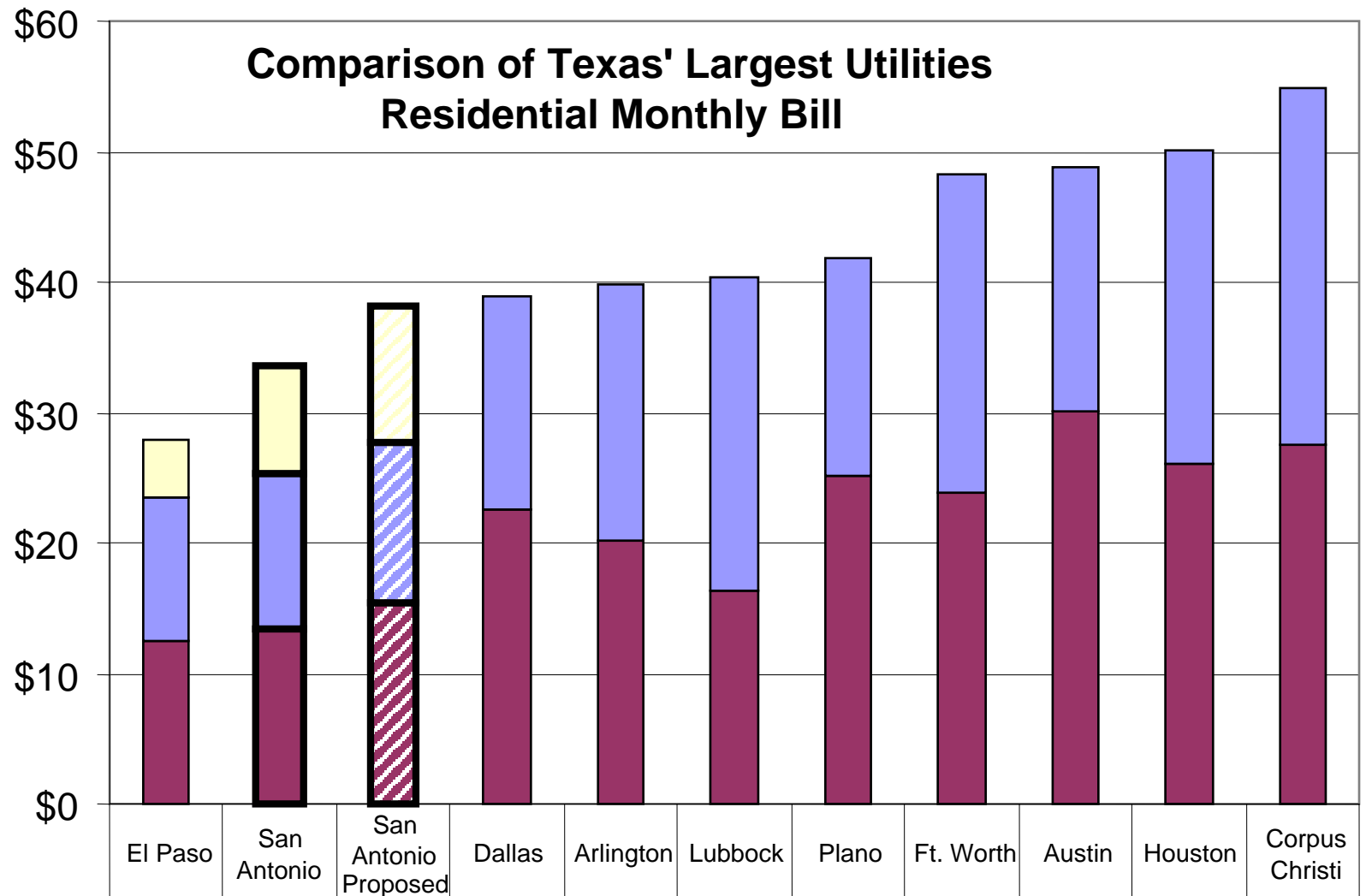
- Bill shown is for 8,500 gal. Water at standard rates, 6,500 gal. winter average

Residential Rate Calculator		
	Current	Proposed/ Approved
Meter Charge	5.61	5.61
Water Charge	6.46	6.73
Sewer Charge	13.34	15.36
Water Supply Fee	7.17	9.35
EAA Fee	0.99	1.04
City Stormwater Fee	2.98	3.08
<i>Total Bill</i>	36.55	41.17

\$4.62

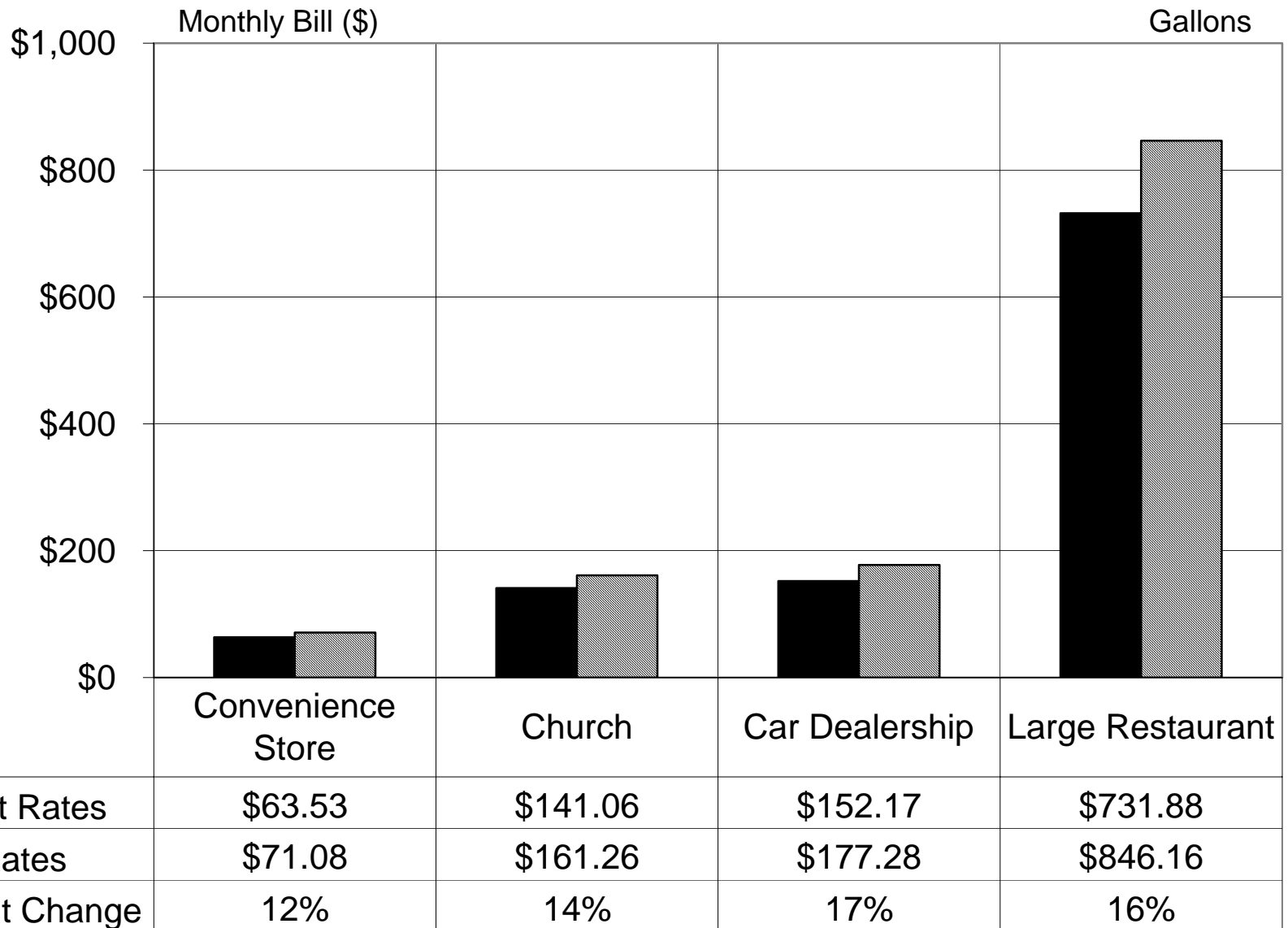
Bill Examples - Residential





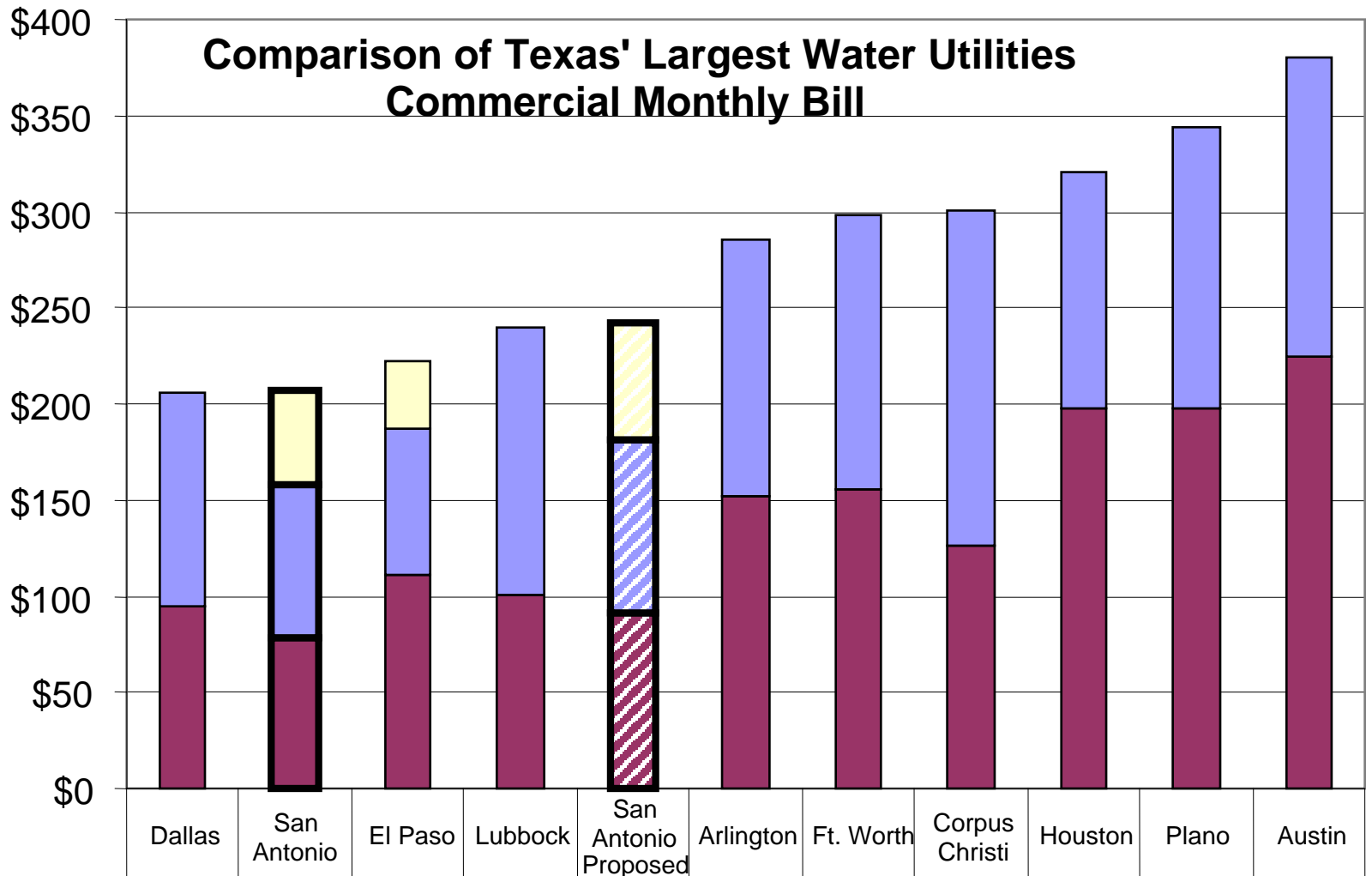
Note: Rates as of January 2004. Excludes Stormwater.

Bill Examples - Commercial



Examples using actual customer data. Excludes Stormwater

Comparison of Texas' Largest Water Utilities Commercial Monthly Bill



Note: Rates as of January 2004. Excludes Stormwater.

Existing Affordability Programs ... Reducing the Impact

Programs Offered

- Plumbers to People
- Emergency Assistance
- Meter Discount
- Senior Citizen Late Payment Waiver
- Disabled Citizen Waiver (under consideration)

Community Involvement

Public Participation

- Citizens Advisory Panel
- Citizens Conservation Committee
- Rates Advisory Committee
 - 11 public meetings
 - 17 open houses
 - Website information

Public Outreach

- 107 Neighborhood, Civic, and Community Associations
- 8 Chambers of Commerce
- 20 Industry Associations

Policy Decisions

POLICY	DECISION
Cost of Service Based rates	Basis for rate development, modified for policy
Irrigation Policy	Established consistent rate across classes
General Class Modification	Modified base block rate
Affordability	Adopt sliding scale discount
Recycled Water	Revise business plan, no immediate rate change
Tiered Water Supply Fee	Model in 2004, review for 2005 rates
Irrigation Exemptions	Seek recommendation from Community Conservation Committee
Assumed Irrigation	Re-survey customers, possibly establish additional categories

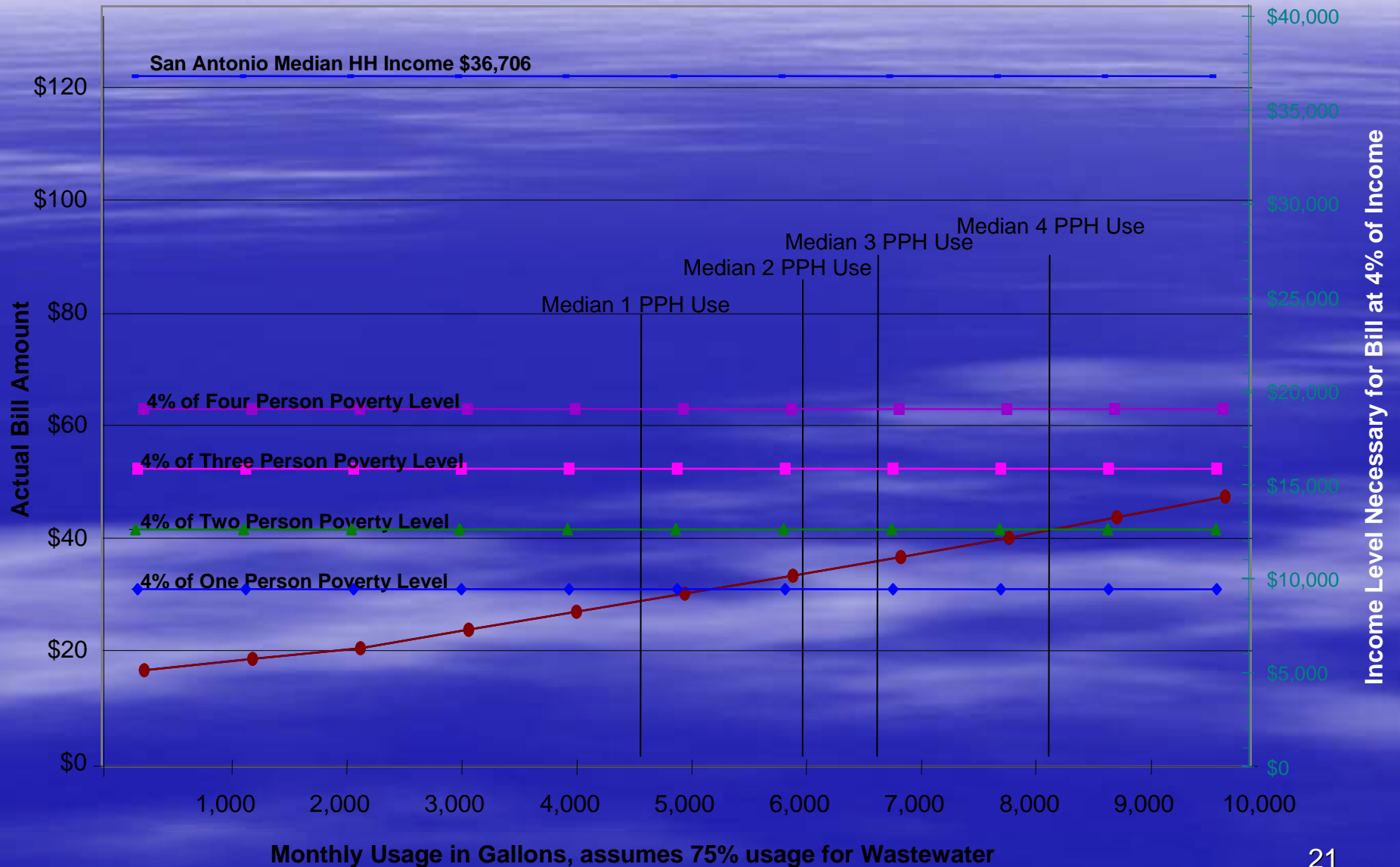
Feedback from the Community

Rates Advisory Committee

- Address long-term infrastructure needs & funding requirements
- Maintain a conservation-based pricing model
- Continue to fund conservation
- Address affordability needs for low-income customers
- Continue with current rate structure
- Continue uniform Water Supply Fee flat fee for 2004 (review structure for 2005)
- Review irrigation exemptions policy
- Review assumed irrigation (possibly develop more categories)

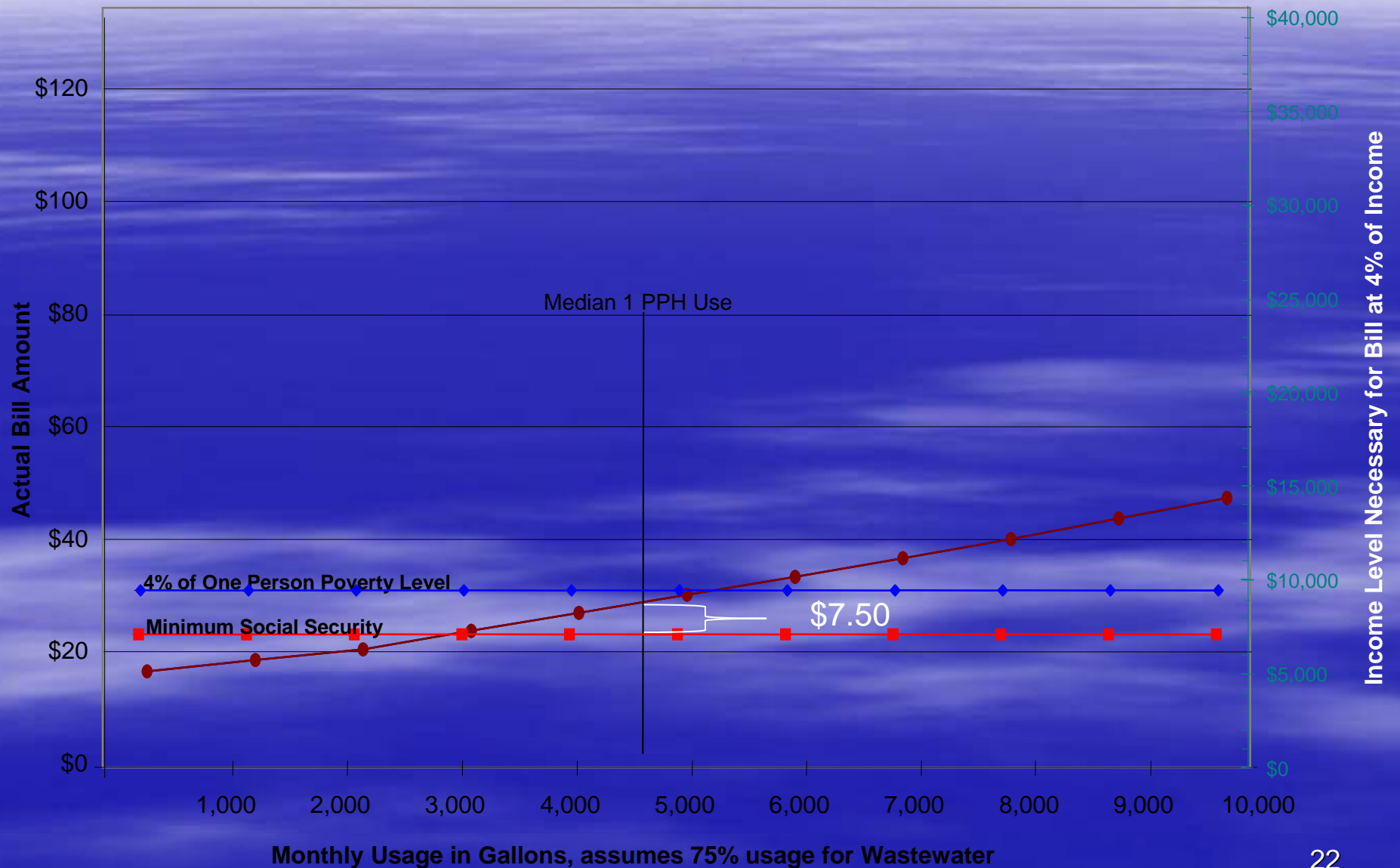
Affordability Benchmarking

2004 Seasonal Residential Bill vs. Poverty Levels



Affordability Benchmarking

2004 Seasonal Residential Bill vs. Poverty Levels



Affordability Program Recommendation

Sliding Scale Discount

- Cutting Edge Program
- Based on need
- Continued certification
- Additional \$400K allocated to program

Assistance from City of San Antonio Community Initiatives

		Proposed Discounts	
Poverty Scale	Current	Water & Sewer Service	Water or Sewer Service
0% - 50%	\$2.81	\$7.25	\$4.35
51% - 75%	\$2.81	\$5.00	\$3.00
76% - 100%	\$2.81	\$3.25	\$2.81
101% – 125%	\$2.81	\$2.81	\$2.81

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